

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 IO-13 ISO-00 EURE-00 SSO-00 NSCE-00
INRE-00 USIE-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00
DODE-00 INR-07 NSAE-00 PA-02 PRS-01 ERDE-00
ACDA-10 L-03 EB-07 NRC-07 OES-07 FEAE-00 ERDA-07
OMB-01 TRSE-00 COME-00 H-02 IGA-02 /117 W
-----041929Z 000861 /41

O 031308Z MAY 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 3381

INFO AMEMBASSY PARIS IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY OTTAWA IMMEDIATE

AMEMBASSY ROME IMMEDIATE

USMISSION IAEA VIENNA IMMEDIATE

USMISSION EC BRUSSELS IMMEDIATE

UNCLAS SECTION 01 OF 02 LONDON 07206

C O R R E C T E D C O P Y (TEXT)

E. O. 11652:NA

TAGS: PARM, TECH, ENRG, UK, CA, FR, JA, GW, US

SUBJECT: FINANCIAL TIMES ARTICLE ON NUCLEAR SUPPLIERS

THE FOLLOWING FRONT PAGE STORY APPEARED IN MAY 3

FINANCIAL TIMES.

BEGIN TEXT: NUCLEAR SUPPLIERS ATTACK U.S. PLANS FOR
REPROCESSING

BY DAVID FISHLOCK AND MALCOLM RUTHERFORD

THE U. S. PROPOSALS ON NUCLEAR REPROCESSING ARE

LIKELY TO BE A KEY ITEM ON THE AGENDA OF THE ECONOMIC

SUMMIT MEETING IN LONDON THIS WEEK-END AS A RESULT OF

MAJOR DISAGREEMENTS ON THE SUBJECT BETWEEN THE U.S.

AND PRACTICALLY ALL ITS MAIN ALLIES.

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THE DISAGREEMENTS BECAME APPARENT AT THE MEETING OF

THE 15-NATION NUCLEAR SUPPLIERS' CLUB IN LONDON LAST

WEEK WHERE THE U. S. PROPOSALS RAN INTO SEVERE

OPPOSITION FROM ALMOST ALL MEMBERS EXCEPT CANADA.

THE PROPOSALS, IF ACCEPTED, WOULD EFFECTIVELY KILL

BRITISH PLANS FOR LARGE-SCALE IMPORTS OF SPENT NUCLEAR

FUEL FOR REPROCESSING AT THE WINDSCALE NUCLEAR FACTORY

IN CUMBRIA.

THIS BUSINESS, WHICH WOULD BE SHARED WITH FRANCE, IS ESTIMATED TO BE WORTH SEVERAL HUNDRED MILLION POUNDS AND WOULD ENABLE BRITAIN TO FINANCE A MAJOR NEW REPROCESSING PLANT.

THE U.S., HOWEVER, AT PRESENT APPEARS DETERMINED TO STICK TO ITS PROPOSALS, AND IS CONFIDENT THAT THEY WILL BE ACCEPTED IN THE END.

THIS WAS MADE CLEAR BY DR. JOSEPH NYE, A SENIOR STATE DEPARTMENT OFFICIAL, AT THE NUCLEAR POWER CONFERENCE OF THE INTERNATIONAL ATOMIC ENERGY AGENCY IN SALZBURG YESTERDAY.

THE MAIN THRUST OF THE PROPOSALS IS THAT LICENSES FOR THE RE-EXPORT OF U.S.-ENRICHED URANIUM FUEL SHOULD BE ISSUED ONLY ON AN EXTREMELY RESTRICTIVE BASIS. THERE COULD BE NO QUESTION, DR. NYE SAID YESTERDAY OF A GENERAL DISPENSATION OF THE KIND IMPLIED IN THE 10-YEAR CONTRACT AT PRESENT UNDER NEGOTIATION BETWEEN BRITISH NUCLEAR FUELS AND THE JAPANESE ELECTRICITY INDUSTRY.

THE KEY REQUIREMENT WOULD BE FOR THE COUNTRY REQUIRING REPROCESSING TO SHOW THAT IT HAD "CLEAR NEED" TO EXPORT ITS SPENT FUEL IN ORDER TO KEEP ITS REACTORS GENERATING UNDER THE TERMS OF THEIR OPERATING LICENSES. THE COUNTRY WOULD ALSO HAVE TO SHOW THAT IT WAS SUFFERING FROM "EXTREME CONGESTION" IN SPENT FUEL STORAGE.

ACCORDING TO DR. NYE, JAPAN, SPAIN AND SWITZERLAND HAVE ALREADY PUT FORWARD CASES OF "CLEAR NEED" FOR THE UNCLASSIFIED

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U. S. GOVERNMENT'S ATTENTION. THESE WILL BE INVESTIGATED ON A CASE-BY-CASE BASIS.

IT IS PRECISELY THIS CASE-BY-CASE APPROACH, HOWEVER, TO WHICH THE BULK OF THE MEMBERSHIP OF THE NUCLEAR SUPPLIERS' CLUB OBJECT.

THE OBJECTIONS WERE PUT MOST STRONGLY AT LAST WEEK'S MEETING BY BRITAIN, FRANCE, WEST GERMANY AND JAPAN, ALL OF WHOM WILL BE REPRESENTED AT THE FORTHCOMING SUMMIT MEETING. THEY WERE ALSO BACKED BY BELGIUM, SWEDEN AND THE NETHERLANDS. THE SOVIET UNION, TOO, WAS CRITICAL OF THE U.S. PROPOSALS.

THE EUROPEANS AND THE JAPANESE ARQUE THAT THE CASE-BY-CASE APPROACH WOULD PROVIDE NO BASIS FOR THE LONG-TERM PLANNING ESSENTIAL IN THIS SECTOR.

IN THE BRITISH CASE, THE ASSURANCE OF LONG-TERM CONTRACTS IS A FUNDAMENTAL REQUIREMENT IF THE NEW

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WINDSCALE REPROCESSING PLANT IS TO GO AHEAD.
THE DEAL WITH THE JAPANESE IS BEING NEGOTIATED IN
SUCH A WAY THAT JAPAN WOULD PROVIDE PAYMENTS IN ADVANCE
SUFFICIENTLY LARGE TO FINANCE THE BUILDING OF THE
NEW WINDSCALE PLANT. THERE ARE HOPES OF FURTHER CON-
TRACTS WITH WEST GERMANY, SWEDEN AND OTHER COUNTRIES.
THERE WOULD BE NO POINT IN BRITAIN BUILDING A PLANT
OF SUCH SIZE IF THE CONTRACTS WERE NOT ASSURED, AND
EQUALLY, THE JAPANESE WOULD NOT WISH TO MAKE SUCH A
LARGE INVESTMENT, IF THEY WERE NOT CERTAIN THAT THE
PLANT WOULD GO AHEAD.
WHERE THERE WAS AGREEMENT AT LAST WEEK'S MEETING WAS
THAT NUCLEAR SAFEGUARDS SHOULD BE STRENGTHENED.
THE ARGUMENT AROSE OVER THE SPECIFIC U.S. PROPOSALS
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ON REPROCESSING, AND THE EUROPEANS AND JAPANESE ARE
CONVINCED THAT THE PROPOSALS MUST BE RESISTED NOT
ONLY AT THE ECONOMIC SUMMIT, BUT OVER A PERIOD OF TIME.
AT THE HEART OF U.S. CONCERN, DR. NYE TOLD HEADS
OF DELEGATIONS ATTENDING THE CONFERENCE, WAS A BELIEF
THAT EVEN GIVEN TECHNICAL PERFECTION OF SAFEGUARDS ON
THE REPROCESSING OPERATION, THIS WOULD STILL NOT
PROVIDE "TIMELY WARNING FOR DIPLOMACY TO WORK."
THE PRESENT DILEMMA WAS "HOW TO COPE WITH DEVELOP-
MENTS IN COMMERCIAL NUCLEAR ENERGY WHICH THREATEN TO
EMPTY SAFEGUARDS OF THEIR CENTRAL POLITICAL MEANING."
END TEXT.

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Message Attributes

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